

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Eighth Session
March 17, 2015**

The Committee on Government Affairs was called to order by Chairman John Ellison at 8:34 a.m. on Tuesday, March 17, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Ellison, Chairman
Assemblyman John Moore, Vice Chairman
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblyman Edgar Flores
Assemblywoman Amber Joiner
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblywoman Shelly M. Shelton
Assemblyman Stephen H. Silberkraus
Assemblywoman Ellen B. Spiegel
Assemblyman Lynn D. Stewart
Assemblyman Glenn E. Trowbridge
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None



GUEST LEGISLATORS PRESENT:

Assemblywoman Irene Bustamante Adams, Assembly District No. 42
Senator James A. Settelmeyer, Senate District No. 17

STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Jordan Neubauer, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

Angel De Fazio, Private Citizen, Las Vegas, Nevada
Justin Harrison, Director, Government Affairs, Las Vegas Metro Chamber of Commerce
Fred Voltz, Private Citizen, Carson City, Nevada
Richard Schweickert, Private Citizen, Reno, Nevada
Daniel O. Jacobsen, Technical Staff Manager, Bureau of Consumer Protection, Office of the Attorney General
Gary Milliken, representing CC Communications
Mark Feest, General Manager, CC Communications
Barrie Blueian, President, Local 9413, Communications Workers of America
Patrick T. Sanderson, Private Citizen, Carson City, Nevada
Larry L. Jackson, representing Churchill County Democrats
Barry Smith, Executive Director, Nevada Press Association

Chairman Ellison:

[Roll was called. Committee rules and protocol were explained.] We will hear two bills today. I will open the hearing on Assembly Bill 236.

Assembly Bill 236: Enacts provisions related to the promotion of public engagement by state agencies. (BDR 18-697)

Assemblywoman Dina Neal, Assembly District No. 7:

We are presenting Assembly Bill 236. It is a very simple bill. It is about public engagement with state agencies. The public policy purpose is to be more inclusive, make sure constituents have informed participation, make sure the level of contact is transparent, and that the actions by a state agency are accessible to the people in the community. If you look at section 1, subsection 1, you can see that it is enabling legislation: it says, "It is the policy of this State to promote broad, inclusive and meaningful engagement by the

general public and interested stakeholders..." and paragraph (a) says, "Each state agency is encouraged, to the extent practicable and within the limits of available money, to develop a policy on public engagement that incorporates the use of the Internet and Internet tools...."

I submitted an amendment ([Exhibit C](#)). I added one thing in section 1, subsection 4, paragraph (a), under social media, "and mobile applications." The reason I added this is because I was thinking if we are going to engage with the new generation, mobile applications should be an option. It is something that an agency could choose to do if they have the money, but a lot of times you can use your cell phone and just pull up an application; for example, let us say that the Department of Taxation does a big policy change and you have the application, you can just open the application on your cell phone to read the changes. That is the only reason why I added that particular portion. The rest of the bill just lays out, to the extent possible, providing training on public engagement. The effective date is July 1, 2015.

What needs to be understood is that there is no effect on the state. We are asking that they do this to the extent practicable. If the agencies can afford to do it, then they need to do it. Currently, on the Department of Business and Industry's webpage there is an option to follow them on Twitter, Facebook, and YouTube. The Department of Taxation actually has a Twitter account and you can follow them; you can see all of their tweets. There is some level of public engagement that is going on now; we just want our constituents to be more engaged in the process and to have more information.

Assemblywoman Irene Bustamante Adams, Assembly District No. 42:

I appreciate you bringing this bill forward. It is about best practices and public engagement, and it encourages entities to actually follow best practices. I have two practical examples of where we are currently using this in Nevada and the progress that has been made. Douglas County integrated "Manage the County's Checkbook," which allowed their citizens to become more engaged in the county's budget than the traditional process allowed. They received feedback from residents and businesses. An important component of the budget process has generally occurred through budget workshops and community meetings. If you are a working parent, it is sometimes very difficult to attend the meetings at night, early in the morning, or to stay an entire day in a county commission meeting. What they decided to do differently is an online budget challenge that gave them valuable insight from the community before the budget process began. Last year's budget challenge resulted in the county making road funding a priority because that is what the feedback was from their constituents. It continues to be an item of focus with the development of the Road Funding Task Force in 2013. The county manager said, "The results from

last year's online budget challenge played a significant role in the county shift of over \$1 million to fund road maintenance. As a local resident your voice matters and we are using your feedback to prioritize where tax dollars should be spent." This is an example of best practices being used.

Another example is the State Board of Cosmetology. They are the second largest board in our state. They have over 26,000 licensees. They have updated their social media presence by putting their meetings on YouTube so that people who cannot watch the board meetings in person can do so afterwards.

This bill encourages best practices for entities to think of different ways to enhance public involvement, embrace technology, and think of individuals who cannot spend an entire day at a county commission meeting, board meeting, et cetera, and to be able to incorporate the different tools that are available to get more of their citizens engaged.

Chairman Ellison:

Are there any questions from the Committee?

Assemblyman Trowbridge:

In my growing list of weak spots is the area of social media. I wonder if by accepting this well-intended bill we are exposing the state to any matters of confidentiality. The state may be held accountable, for example, if a photograph was sent or personal information was released. That is my only concern. Is there some way that the state is exempt from any liability?

Assemblywoman Neal:

That is a good question. That is one of the concerns of other states that have engaged in this type of legislation too: whether you have to get permission to use images on social media or not. You do have to be very careful in how you engage in social media. One thing that we did not include in the bill is to make sure, to the extent practicable, that you have permission to use the image on social media, and to reproduce the image. It is standard practice in other places, and I do think it should be added to this bill to make sure it does not happen.

Assemblywoman Bustamante Adams:

I would like to comment on that as well. Many entities are subject to the Open Meeting Law, which is a good protector. In addition, there should be in-house policies on social media that the agencies should have engaged that would protect them from crossing a boundary that they should not be crossing.

Assemblywoman Neal:

I was not able to pull any social media policies to look at that specific issue, but I did look at the different states and problems that can be encountered when expanding public engagement. The kinds of things that I saw, particularly with the image issue, was reproducing someone's image without permission.

Assemblyman Trowbridge:

Now might be the opportune time to insert language, correct?

Assemblywoman Neal:

Yes, we will.

Chairman Ellison:

This is an enabling bill, correct?

Assemblywoman Neal:

Yes, it is enabling.

Assemblywoman Spiegel:

Section 1, subsection 4, paragraph (a), under social media, was it also your intention to include "live streaming," which is not the same as videos or video blogs?

Assemblywoman Neal:

No, I assumed within electronic content, videos, video blogs, and podcasts, that those would encompass live streaming to a degree. Currently, there is some level of live streaming; it happens when you actually click on a link and you are allowed to watch a video. This is something to add. It was something we did not consider.

Assemblywoman Spiegel:

I just saw a story in the news over the weekend that there are now applications for live streaming. For example, someone could be in Fallon because they were not able to get to a location where they could testify but might be able to live stream from their computer or personal mobile device.

Assemblywoman Neal:

The only other thing that I did consider, but I did not put in the amendment, was for the smaller counties, to the extent possible, when there is a major policy change with a state agency that they could hold a town hall meeting. It could be more comfortable and friendly when a big policy change occurs, and in a smaller community, you have a better chance and better ability to do that. I wanted to make sure that we acknowledge that there are seniors and others in

our communities who prefer face-to-face contact and to sit and have a conversation around issues, and they do not want to be limited to a social media context. I was also mindful of our smaller counties, such as Eureka County, where they only have Internet at the county library; it is not common to have Internet around the county. I was not trying to do too much in the amendment. If the Committee is agreeable to that, I thought it would be acceptable because we have smaller communities that operate differently.

Assemblywoman Bustamante Adams:

We just used live streaming capability for increased participation in one of the board meetings. I think it is a great suggestion and we should include it. Thank you.

Assemblywoman Shelton:

I just wanted to make sure that your intent is not to get rid of any current ways the public is communicating via telephone, email, or letters. There are some people who do not have Internet access like you mentioned, so I just do not want to see that particular part go away.

Assemblywoman Neal:

No, this is just an expansion upon the existing policy, making it more accessible to a newer generation.

Assemblywoman Shelton:

Will someone be editing the dialogue on the Internet, or will it just go live as they put in their public comments?

Assemblywoman Neal:

What I have seen on Twitter is a rolling stream of comments. The department will post something that is happening and then the comments that come in are exactly what they are. It is not edited or limited. I am assuming that there will be a policy that if a person is saying something profane, it will be deleted.

Assemblywoman Dooling:

I wanted to let you know I am really excited about this. I think it is great because I know of some situations in Las Vegas where there were caregivers and others who were not able to go to the Grant Sawyer State Office Building and become involved in a forum. I enjoy the live streaming, and I have attended a lot of events where they have it going on live. The Twitter feed is on the screen and it is rolling, just as you said. It just brings about more questions, answers, and input, and I think that is what our public is crying out for. Many people do not know about the meetings, miss them, or forget about them. If

they can be at home on their computers with live streaming, it is wonderful. To also still have the existing functions for people to participate in is great too.

I was wondering about section 1, subsection 1, paragraph (b), subparagraph (2), where it says, "To the extent feasible, provide training on public engagement for other employees of the state agency," and in section 1, subsection 1, paragraph (b), it says, "Each state agency may designate an employee as the public engagement specialist." Is this going to cost a lot of money? I do not know if the technology is just another software package. Have you investigated any of that?

Assemblywoman Neal:

The only thing I have as a reference is what the City of Las Vegas does. They have assigned their already existing information specialists to do public engagement as an extra activity. I thought they had a good model because they seem to be super excited about what they do because they are able to expand their outreach. The training language was added because sometimes in our agencies, we have different levels of expertise. When laptops were new and when people started engaging in Facebook and Twitter, not everyone knew how to use them, but training would have allowed them to learn how to use it and use it well. I think it is appropriate to talk to people about limitations within social media, copyright issues, imagery production issues, and to make sure information is released so it is understood by the general public, choosing words that allow the reader to understand the meaning and not using excessively big words. Those things are important because if you are trying to engage the community, you need to engage them at various levels, and I think that conversation is relevant.

Assemblywoman Bustamante Adams:

You are capturing the essence of the bill; it is for the increase of public engagement, and we are just making sure we use as many tools as possible to participate. With the two examples I used before, there was an existing person already on the team that took on the role, and it was not an additional expense. Agency directors would have to make the decision if they think it is justifiable within their budget, and they would have the full discretion. It is not anything that we are mandating. We are not forcing them to hire someone.

Chairman Ellison:

Most of the agencies already have their own policies and people in place. This is not something new; it is just building a fire. There is someone in Las Vegas to testify in support of the bill. Please come forward.

Angel De Fazio, Private Citizen, Las Vegas, Nevada:

There are numerous residents who would welcome the opportunity to be a participant in governmental meetings, but because of either disability or homebound situations, they are precluded because of accessibility issues. [Continued to read from prepared text ([Exhibit D](#)).]

Chairman Ellison:

If there are individuals in Carson City who would like to testify in favor of the bill, please come forward.

Justin Harrison, Director, Government Affairs, Las Vegas Metro Chamber of Commerce:

We are here today in support of A.B. 236. We appreciate the bill sponsor bringing this bill forward. It is the belief of the Las Vegas Metro Chamber of Commerce that transparency in public engagement should be an integral part of state and local government. The more opportunities the general public has to become aware of issues concerning the state and the states agencies, the more engaged the members of the communities might be. We urge passage.

Fred Voltz, Private Citizen, Carson City, Nevada:

I agree with promoting more public input to policy setting at government agencies through the Internet and its associated tools. [Continued to read from prepared text ([Exhibit E](#)).]

Chairman Ellison:

Does the Committee have any questions?

Assemblywoman Dooling:

I am just curious, did you experience this situation first hand?

Fred Voltz:

Yes, first hand. I have been attending the meetings for over three years. There is a real problem with getting the public to the meetings given the time they are conducted and securing input from the public.

Assemblywoman Dooling:

What about the announcements for the meetings?

Fred Voltz:

Unless someone goes to the Public Utilities Commission of Nevada (PUCN) website, they would not know about the meetings unless they read one of the newspapers of public record. In the classified section, there are tombstone ads that list a lot of legalese. The way the PUCN states the ad is extremely

confusing and unless someone is familiar with it, they are probably just going to breeze right past it. This is assuming they are even reading a paper newspaper these days.

Assemblywoman Dooling:

What would be your suggestion to fix this? Would this be a start?

Fred Voltz:

Yes, I think this bill is an excellent start, but for people who are not plugged into technology, and there is a large group of people in our population who are not, having the telephone access and the ability to ask questions and provide input is critical. Since it is available for the commissioners, why not for the public? The technology exists in some format, at least at the PUCN, and probably at others. I attend the Board of Wildlife Commissioners meetings and it is the same deal there; a commissioner can participate by telephone, but the public cannot.

Chairman Ellison:

Can you repeat what you said about the newspapers?

Fred Voltz:

There is something called a tombstone ad and essentially, it is statutorily set that there has to be public notice given. They have to give notice in various newspapers such as Elko, Las Vegas, Carson City, and Reno, saying that the PUCN is going to have a meeting on a specific date, regarding a specific docket. It provides a very brief summary of what the meeting is about. The problem is that it is in the classified section of the newspapers. It is usually very long, very complicated, and written in legalese. It is not something that most people in the community, assuming that they even read the paper newspaper, are going to look at.

Assemblywoman Shelton:

You are not against having Internet access for these meetings, but you would also like to see people who do not have access to Internet be able to call in and participate in the meetings, correct?

Fred Voltz:

Exactly, yes. It should not just be a one-way street of communication and unfortunately in a live stream situation it is, unless there is the ability for someone in the public who is viewing the meeting to be able to ask a question or make a public comment. That is the other dimension to this, as resources permit, that agencies would be well advised to work toward.

Richard Schweickert, Private Citizen, Reno, Nevada:

I am speaking on behalf of A.B. 236 and the amendment. I am grateful to everybody who has commented so far. The goal of expanding public access to government activities, services, and discussions is admirable and I, like several other commenters this morning, would like to emphasize the importance of including wording that specifically mentions telephonic devices. As others have stated very clearly, this is an important avenue. It may already exist to some degree, but we want to make sure that it is not, by default, excluded as a result of the enabling legislation that is proposed here.

Telephonic devices include the standard telephone conversation. Telephones could be tapped into the audio feed from an ongoing meeting, such as this one, commenters could leave their own comment by means of voicemail, they could access audio recordings, there could be telephone lists indicating preference by pushing a specific button, along with smartphone applications that have been mentioned. I think these are all admirable. The technology referring only to Internet and Internet tools maybe does not encompass the existing technology of telephones and all the ways that telephones are enabling. I would recommend language be included in this bill to explicitly bring out the use of telephones.

The front page of the bill states, "AN ACT relating to state agencies;" which may leave a bit of a confusing impression. It says, "promotion of public engagement by state agencies using the Internet and Internet tools...." The way I read it, it means only by state agencies that use the Internet or Internet tools. It would be better to say, "by promoting the use of Internet and Internet tools and other devices by state agencies."

Chairman Ellison:

Is anyone else in favor of the bill? [There was no one.] Is anyone in opposition? [There was no one.] Is anyone neutral?

**Daniel O. Jacobsen, Technical Staff Manager, Bureau of Consumer Protection,
Office of the Attorney General:**

We are very involved in public hearings at the PUCN on utility issues. We are not taking a position on this bill, but I did want to comment that every time there is a major rate change proposed, the PUCN holds public consumer sessions where they invite the public to hear about what is being considered, and they can comment. We go to those meetings because we are very interested in what the public reaction is to what the utilities are proposing. Currently, anyone can listen to the PUCN proceedings and deliberations over the Internet. They can listen actively with live streaming, but it is also recorded so they can listen later. I believe there is already pretty good access, but what is

being proposed here would be helpful in terms of more transparency with respect to utility issues that public agencies decide on.

Chairman Ellison:

I have a question for the sponsors of the bill. If you had a large meeting and people were allowed to call in, they could listen or push a button to provide feedback, but they would not be allowed to participate in discussions during the meeting, correct?

Assemblywoman Neal:

I was thinking about how that might work when it was mentioned. I think being able to listen in and maybe type in a live chat, the bill speaks to instant messaging and text messaging, so you can be on the telephone and typing, which might be a better way to make those two things work. If you just wanted to add a vote or make a comment, you could press the number one or two for a polling. I could add language into the bill; for example, if there were a budget challenge or a polling opportunity where you wanted to poll the community's responses, then that would be an element that could be added for that purpose.

I think it is really hard to navigate in a hearing with someone calling in on the telephone, unless it is during the public comment period. There needs to be a designated moment and time for public comment. I think that is the only way it could be managed, and I would have to add wording that says that it would be handled in the public comment period. It would not be done the way that we do public comment here at the Legislature. When we go to public comment, you cannot speak about the bill, it is limited. Public comment will be allowed on the specific issue that is being discussed. I think that would meet the need.

Chairman Ellison:

Yes. If the Public Employees' Retirement System of Nevada were meeting, there would be 6,000 people on the phone. I understand what you are trying to do, I just think we need to focus and make sure it does not put a burden back onto the state agencies. I love the idea that if they have questions, they can text message those in.

Assemblywoman Joiner:

Thank you for bringing this bill. I met people who have favorite social media channels, and I think it is our obligation to communicate with people in as many channels as possible so they feel comfortable engaging with the government. I am happy to see that you are raising awareness among the public entities. This should be a priority.

Chairman Ellison:

I will close the hearing on A.B. 236. I will open the hearing on Senate Bill 109.

Senate Bill 109: Revises provisions relating to the sale or lease of a county-owned telephone system. (BDR 58-603)

Senator James A. Settelmeyer, Senate District No. 17:

In reaching out to Churchill County, it was indicated that they wanted to look at their county-run telephone company. In the United States of America there is only one county with a county-run telephone company, Churchill County. They bought it a long time ago from Western Union Telegraph. They are trying to figure out whether the county should be involved in a telephone company or if they should be looking at different possibilities.

Gary Milliken, representing CC Communications:

Mark Feest is the General Manager of CC Communications. He is going to give you a history of CC Communications and how far back this goes. He will go through Senate Bill 109 in as much detail as you need.

Mark Feest, General Manager, CC Communications:

I do not want to alarm you, but I am going to start in 1889, and there will be a rapid movement forward in time after that.

Churchill County Telephone began operation in 1889 as a telegraph company after the local provider sought to exit the county but failed to find a buyer. The board of county commissioners purchased the telegraph system for \$875 and in the 1890s began its conversion to a telephone system. [Continued to read from prepared text ([Exhibit F](#)).]

When I took this position a little over two years ago, I wanted to fully understand the *Nevada Revised Statutes* (NRS) as they related to county-owned telephone companies. One of the things that stood out to me was that there is a 52-year-old statute regarding how a county, by either initiation by the voters or by the county commission, would go about considering the possibility of exiting the business through a sale. [Continued to read from prepared text ([Exhibit F](#)).]

By statute the county commissioners take responsibility of the telephone company, they operate as a board of directors, and I report directly to them. [Continued to read from prepared text ([Exhibit F](#)).]

We do not have accurate records from around the late 1800s and early 1900s, but to the best of our knowledge the \$875 would have been taxpayer revenues

and since then, the company has been operated by revenues generated by the provision of the service. No money moves from the county to CC Communications for its operations, neither building out the plant nor employing the employees. CC Communications is operated as a separate enterprise fund operation that is then rolled up into the F1 report of the county general.

CC Communications has neither solicited nor received any offers for sale. I want to dispel any concerns that might be out there that this bill is intended to allow us to consummate a deal we have already made. We could not even make a deal if we wanted to because of the way the statute and the process exists today. [Continued to read from prepared text ([Exhibit F](#)).]

Chairman Ellison:

Does the Committee have any questions?

Assemblyman Stewart:

I understand that you have not negotiated any sales at this point. Does there seem to be a market where you could? If you did sell it, would you be out of a job?

Mark Feest:

We have not entertained or solicited any offers. After the Telecommunications Act of 1996, it took about 15 years for deregulation and to end monopolies. Once local telephone service hit the rural areas, there was a lot more activity in the rural industry. There are about 1,000 independent rural telephone companies across the United States. Iowa has a company that only has 499 telephone lines, but independent telephone companies probably go up to about 20,000 or 30,000 lines.

I have been approached by people curious if we would be interested in selling, and my response to them is that it is not my decision. At some point in the future, initiated by either voter or board of county commissioners, the issue might come up, and we will need a process that is actually workable to protect the interests of the county.

Under the current process, it appears that the board would be obligated to take the highest cash offer. A key to this bill is the items that the board would consider including the impact on local jobs and the impact on local management. To get to your question of whether this will affect me, it would depend on who the buyer is. Certainly there is a model out there where companies aggregate rural telephone companies. They centralize as many of the operations as they can. They leave behind a skeleton crew. My position, in

such a sale, would be eliminated along with probably about 60 to 65 percent of all positions in the company if this were to happen.

We think that the board should have the opportunity to weigh the total cash offering versus local management being in control, et cetera. We are recognized as a connected community in Nevada. We were the second one. We have a fiber optic phone line that passes more than 80 percent of the homes in Churchill County. That is because it is locally run and operated, and we make decisions at the local level. A significant model out there for mergers is where one company acquires a dozen geographically diverse rural telephone companies, they move all operations to a state of low wages, and when they make a decision about what kind of services each exchange gets, the exchange with the densest population will receive the investment. If you are not the exchange with the densest population and the decision is being made out of state, your customers are going to be left behind and eventually left behind in the digital divide. We think it is important that this is a factor that is considered in addition to the cash price.

We also think it is important to consider the effect on employees. Employees purchase homes and spend their salaries in Churchill County. When we look at it, there is an impact much greater than just the revenue the company takes in when it is locally operated. Those are a couple things we think should be considered.

Assemblyman Stewart:

You said you have 60 employees?

Mark Feest:

We have 60 full-time equivalent positions. Right now, we have 58 employees, and we have posted recruitments for a couple positions.

Assemblyman Stewart:

The sale negotiations would include protecting those jobs and protecting the amount of money the consumers would have to pay for the service, correct?

Mark Feest:

Yes, that is in section 4, subsection 3. When we read the statute currently, arguably the board of county commissioners would have to accept the highest bid. This bill makes it so they also consider "(a) The return on investment to the county; (b) The preservation of existing jobs and future employment opportunities within the county; (c) The preservation of future revenue generated by the telephone system within the county; and (d) The likelihood of local control and management of the telephone system." It is important to

consider the money too. When it is local ownership, the money stays local. When we decide how we are investing in plant we are not comparing ourselves to a community in Iowa or a community in Kansas, we are just saying, here is our pot of money that we can put into a capital investment, and we are going to put it into Churchill County. These are all things that are very important to our board of county commissioners.

I will digress a little. I moved to Fallon 14 years ago. I moved from a metropolitan area served by a national company that no longer exists, but I had 56,000 bits per second Internet speed in 2001; it was the best they had in my neighborhood. I moved to Churchill County and the day I moved in, I was able to receive a digital subscriber line (DSL). In 2002, the telephone company also started offering Internet Protocol (IP) television. We were the second company to offer that to our customers. We put fiber in the homes of Nevada sooner than anybody else, and I believe we have the highest percentage of homes passed. This is because there was local management in control and making the decisions. It is something we want to make sure continues into the future.

Chairman Ellison:

The citizens purchased the telephone company and paid for it back in the 1800s, correct?

Mark Feest:

That is correct.

Chairman Ellison:

Then it immediately became an enterprise fund. It has to be a very successful enterprise fund or it would not last this long or employ the number of people you are employing, which is quite a few. The people still own the system. You mentioned considering a vote of the people, is that off the line?

Mark Feest:

It became an enterprise fund when the enterprise fund statute came into effect. It was not in effect when the company was founded. Once it came into effect, it fit the enterprise fund model where the fund itself is supported by revenues from end users. It has been very successful, but at the same time the Telecommunications Act of 1996 abolished monopolies. Because we are a rural area and there are not a lot of customers, it probably took another 15 years for us to seek competition in that area.

Chairman Ellison:

The county is the keeper of the telephone company, it is still owned by the people, and so if it were sold would the money go to the general fund, back to the people, or back to investments in the county?

Mark Feest:

It goes back into the general fund.

Assemblyman Trowbridge:

This seems to be an issue that only relates to Churchill County, the only county-owned telephone system in the United States, so I do not know how it is a state issue other than it was covered in the statute. Based upon it being a local matter, I go back to my basic philosophy that local issues are best handled by local people. I hope that the people who make these decisions use good wisdom about all of the aspects. Do not forget to get your \$875 back.

Senator Settlemeyer:

We are here because it is within NRS Chapter 710 and the way the law is currently that we have to come here to you. There is a bill on the other side being battled around about home rule, but it still will not solve the issue because it is still in NRS Chapter 710.

Assemblyman Trowbridge:

You have to give the forefathers credit for getting ahold of a business where back in the 1800s they locked in the Internet service. That was very insightful of them.

Assemblyman Silberkraus:

I want to compliment you on running a great organization. I went to your website and looked at the rates and services you provide to your community. It looks like you have an exemplary system as far as delivering services. The rates seem to be incredibly reasonable. If you were to transition away from your existing structure over to another private company, would you expect any kind of spike in service fees for your customers?

Mark Feest:

I honestly would not. There is a benchmark rate for telephone services that we must adhere to. Not to get too far out into the weeds, but we participate in the National Exchange Carrier Association (NECA) pooling program. They also have rates that we cannot charge above while we are participating in their program. Our telephone and Internet rates are regulated. If it went to a private entity, telephone rates would then fall under the Public Utilities Commission of Nevada (PUCN) to be regulated. Currently, Internet rates are not regulated, but if you

are participating in the NECA pooling program, you either charge the rates they deem reasonable or you take a discount on your universal service distributions.

Assemblywoman Neal:

My questions are on sections 3 and 4 about the notice provision. In section 3 you struck out the information where if a question were submitted, it would go to special election and there would be a type of notice given. Clearly, Churchill County has grown since 1889 and 1963 when NRS 710.151 was enacted. How will you let the people know? I know you said it is going to be on the ballot, but we know how the ballot works; sometimes we read it, sometimes we do not.

Mark Feest:

The resolution that would be passed would be passed at a public meeting in order for the commissioners to initiate any sales process. The notice would be through the public meeting. If it were during an election, there would be a petition process that the voters would have to initiate. After that occurs, the district attorney would draft the ballot measure, and it would go in the election like any other item.

Assemblywoman Neal:

According to section 1, subsection 1, there will be a petition that is passed out after the resolution is adopted. In section 4, subsection 2, existing law says, "Upon the return of the appraisal, the board of county commissioners shall advertise the sale or lease, for a term of years agreed upon by the board..." but you struck, "advertise the sale or lease, for a term of years agreed upon by the board..." and you added, "Contract with a reputable and qualified expert in rural telecommunications, other than the expert..." Then it goes on to say, "If the notice is for the sale of the telephone system, the board shall not accept a sum less than the amount of the appraisal of the telephone system," but it does not seem to allow the community to then get the benefit of the advertisement that you set up in the newspaper for five weeks for general circulation. That language was struck. I know you have the county commission portion and the resolution portion, but what element of the appraisal is the community going to be aware of in the process?

Mark Feest:

The portion that is stricken out is, "advertise the sale or lease, for a term of years agreed upon by the board..." We viewed this as the way to solicit a bid. That was the only notification we are supposed to put out there because it is followed up with, "After publication of the first such notice..., the board or its authorized representatives may enter into negotiations for the sale or lease of the telephone system." I had a discussion with our local newspaper yesterday,

and I told them I did not want to insult them or the newspaper industry in general, but I do not believe, in 2015, you solicit bids for the sale of a telephone company by posting in the local newspaper. That is what we are trying to address there. How do we get people to step up with bids, not through a newspaper, but through the processes used in the industry today? Several firms do these transactions and solicit bids. This was about generating legitimate highest best bids.

Assemblywoman Neal:

The reason why I read it the way I did, that it was upon return of the appraisals, was because if it was publicly owned, then the public could then determine if the appraisal was appropriate or fair, because they own it as a generality, as a public. Then what confused me even further was that on page 4, lines 18 through 22, it talked about leasing the telephone system and the board safeguarding the county's interest by demanding a bond for faithful performance of the covenants contained in the lease. It made me believe that maybe that particular provision, section 4, subsection 2, was not specifically how it is noticed in the newspaper or for solicitation of bids, that it was actually potentially something where there was a safeguard provision that let the public know who owned this telephone system, and that the appraisal was fair and met the needs of the community. That is why I viewed it that way; clearly, you have a history from 1889 that says something different.

Mark Feest:

I think either way this would be initiated through a petition where people are out there getting people to sign it or through a resolution in an open meeting. I think the notice that the commissioners are even considering it, either because of the petition or on their own initiation, that notice is still out there. That is how we viewed it; it was not about notice, it was about how to solicit the highest and best bid in 2015 or beyond, as opposed to this being the notice provision to the public. They get informed about the resolution because the newspaper is at every board of county commissioners meeting, and they get informed because there is a petition that is being circulated to get it on the ballot. Either way, we felt that was the notice protection and this was how to solicit the highest and best bid.

Assemblywoman Spiegel:

I know in many parts of the country, especially with younger people, they are moving away from using traditional telephone services and increasingly using their cell phones. Can you speak to cell phone coverage in Churchill County? Are you seeing people move away from using landlines and using cell phones more often? If so, what impact is that having on your business?

Mark Feest:

The national average runs about a 5 percent to 5.5 percent decline in landline subscriptions per year. Rural areas are a little slower due to demographics, but we certainly see the trend, and I think this is one of the reasons why we need to look at this. There are no plans to sell the telephone company, but if the day comes where it were necessary or the voters voted to initiate that, we do need a process that would work. As I said earlier, in 1996 the regulated monopoly went away. It took about 15 years to hit Churchill County. We do have competition from the wireless industry, which is robust where we are, by Verizon Wireless when they purchased Alltel, which used to service that area. There are cable competitors who now offer telephone service, so there is competition there too. Operating the business in the first 100 to 115 years was very different from the years post-competition. I think that we need to be prepared for some contingency. That is what this is about. The statute does not provide an option, as it is currently written, for realistically receiving the highest and best bid if we went down that path. It is about being prepared because of what you mentioned and the changes to the competitive environment.

Assemblywoman Joiner:

It appears to me that these changes would indicate that if the commission would adopt the resolution, there is no requirement for it to go on the ballot at all, correct? What has the history been? Have you had trouble taking it to the voters? Why are you excluding the voters from the process?

Mark Feest:

You are correct. The voters would still have the opportunity to initiate the sales process, but if it were initiated by resolution, it would not go back to the voters. There is a good reason for that, and it has to do with how transactions of this type occur today and how we can maximize the value for the taxpayers and county in the event we went down that path. What we would look at is what kind of bidders we are going to produce and if the bidder is now speaking with somebody that has the ability to consummate a deal. You have to ask the bidder for their highest and best bid and then tell them 18 to 24 months away there will be a vote on it. That could result in a discounted bid based upon the uncertainty, and depending on where you are in the cycle of the voting, you may not want to wait two years to make the acquisition. The bill language was inserted in an effort to ensure the best and highest bid would be obtained in the event we went down this path. I think it is a reflection of the change in the industry and the agility that is needed today that was not needed before the ending of monopolies.

I want to point out one other thing: When the telephone company was purchased, it was not purchased by a vote of the public, it was purchased by an action of the board. There are many things that we do not vote on; we use our elected representatives. We are here today participating in that because it is unwieldy to put it to a vote of the public. It might be because of a timing issue, but I would analogize this to Tesla Motors. If the deal with Tesla Motors had to be put to the vote of the public at large at the next general election, I am not sure we would have them here today, because they would not have been negotiating with somebody who had the ability to close the deal. It came back to you all and you made a decision because you are elected to make the decisions for your constituents, just as our county commissioners are elected to make decisions for their constituents. It is my opinion that this is one of those decisions that works better under legislative law and actually will maximize the bid, which will further protect the taxpayers.

Chairman Ellison:

Will those in favor of the bill please come forward?

Barrie Blueian, President, Local 9413, Communications Workers of America:

I am here today to support this bill. As I understand it, we are under the belief that this is about protecting workers, the dedicated, hardworking men and women that are employed by CC Communications. Additionally, what they have done is absolutely amazing. It is an amazing company that is providing quality service at a reasonable price. One of the things that I really liked about this company was I picked up the telephone and called them to get a quote and a live person answered the phone and gave me direct answers. In this day and age, that is amazing.

I am also employed by AT&T, so I am considered a subject matter expert on Internet, telephone, and television, and what CC Communications has done is amazing. The service and the quality of service is a benchmark, and I do think they should be commended for what they are doing. I would like to see the company remain in Churchill County, and I believe this bill speaks toward that.

Patrick T. Sanderson, Private Citizen, Carson City, Nevada:

Those of us who were born and raised in the state of Nevada know that every county had their own telephone service at one time. Then Nevada Bell Telephone Company came in and bought them out one at a time. This is the only one that is left. If you look on page 4, lines 23 through 38, you will see that it puts in language to where they do not have to take the highest bid. They can look at everything overall and try to keep their employees in Churchill County. Everything that is set in this bill is protection to the Churchill County residents. Not that I want to see them sell, and I hope that

they do not, but when the time comes, this gives the best protections, especially to the workers and the community as a whole. I am in support of this bill.

Chairman Ellison:

Will those in opposition please come forward?

Larry L. Jackson, representing Churchill County Democrats:

I live in Churchill County, and I am opposing the bill as written. There are good things in the bill, such as the protection of local employees, and those things are great. There are people in the county who believe that the county should not be in the telephone business and therefore would like to see them sold to another entity and being scared of that, they would like to protect these employees, and I think that is very commendable.

They are going to allow the county commissioners to make the total decision. In today's world, having to generate about 3,500 valid signatures on a petition is not as easy as influencing three of five commissioners. With today's campaign finance laws, and with the fact that these people are elected, today's present board may be devoted to this and protecting things, but what is the next county commission board going to be like, or even ten years from now? I do have reservations about taking the voter approval off this issue. I understand their concern that they will not receive a very large value if they cannot close the deal, but maybe that is a good reason to help prevent this from ever being sold.

I also feel that there is a lack of belief in the voters and the fact that with over 12,000 registered voters, I think you understand better than most the issue that is involved in trying to get close to 4,000 signatures on a petition. It is not an easy thing to do. Then to again win an election where you would need about 6,000 voters to approve something like this, I believe we are taking away the protections for the county people who use this service. They provide a tremendous service. Believe me, you have heard an underevaluation of the quality of their service because it is excellent.

Barry Smith, Executive Director, Nevada Press Association:

I want to say that I am glad this meeting is live streamed because I was listening and my ears perked up. The way I read section 4 is that it is intended to notify the residents of the county of a possible sale or lease. I do not think it would prevent them from contracting with an expert to facilitate the sale, but I think that notice is there for the residents. The notices do not just go into a newspaper. They are uploaded to a statewide notices site operated by the Nevada Press Association. It is part of a national notices database that about

48 states participate in, and they are available nationally. I just wanted to give the Committee this information.

Chairman Ellison:

Is anyone neutral?

Daniel O. Jacobsen, Technical Staff Manager, Bureau of Consumer Protection, Office of the Attorney General:

We are neutral on this bill. There was brief mention of the fact that if the telephone company were sold to another provider, it probably would move out of the jurisdiction of the county and fall under the jurisdiction of the Public Utilities Commission of Nevada (PUCN). They do still regulate landline telephone service. Because of policies the Legislature has adopted, there is a process for the PUCN to assess whether there is adequate competition to relieve an incumbent telephone company of its provider of last resort obligations. I just wanted to mention that it is important for you to clarify the legislative intent, if it is sold. In terms of consumer protection, the new purchaser that is not county-owned would cause the company to then become under the jurisdiction of the PUCN.

Chairman Ellison:

Are there any questions from the Committee? [There were none.]
Senator Settlemeyer, would you like to make any closing remarks?

Senator Settlemeyer:

I appreciate the comments and the time you have given this subject. I will try to reach out to the individuals who had issues with this bill and see if we can resolve them. This is the first time these issues have been presented to me. No one has come to me with a problem in any way, shape, or form. CC Communications has done an excellent job, but I do not think that should preclude us from trying to make sure that if they sell, we try to protect the workers and the preservation of existing jobs in that community.

Chairman Ellison:

I am going to close the hearing on S.B. 109. Is there any public comment? If none, I will adjourn the meeting [at 10:00 a.m.].

[([Exhibit G](#)), ([Exhibit H](#)), and ([Exhibit I](#)) were presented but not discussed and are included as exhibits for the meeting.]

RESPECTFULLY SUBMITTED:

Jordan Neubauer
Committee Secretary

APPROVED BY:

Assemblyman John Ellison, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: March 17, 2015

Time of Meeting: 8:34 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 236	C	Assemblywoman Dina Neal	Amendment
A.B. 236	D	Angel De Fazio / Private Citizen, Las Vegas, Nevada	Prepared Text
A.B. 236	E	Fred Voltz / Private Citizen, Carson City, Nevada	Prepared Text
S.B. 109	F	Mark Feest / CC Communications	Prepared Text
A.B. 236	G	Christian / Stand Up 4 Freedom	Email in Support
A.B. 236	H	Angel De Fazio / Private Citizen, Las Vegas, Nevada	Letter
S.B. 109	I	Larry Jackson / Churchill County Democrats	Prepared Text